

## Fiscal Service, Treasury

## §§ 351.17–351.18

### **§ 351.11 What do I need to know about the short-term savings bond rate, to understand redemption value calculations in this subpart?**

We determine this rate by compiling 6-month Treasury securities rates as of the close of business for each day of the previous three months and calculating the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent. We then determine the short-term savings bond rate by taking 85 percent of the three-month average and rounding the result to the nearest one-hundredth of one percent. For bonds entitled to interest accruals at the short-term savings bond rate, that rate applies to the bond's first full semiannual interest accrual period following each announcement of the rate.

### **§ 351.12 What do I need to know about the long-term savings bond rate, to understand redemption value calculations in this subpart?**

We determine this rate by compiling 5-year Treasury securities rates as of the close of business for each day of the previous six months and calculating the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent. We then determine the long-term savings bond rate by taking 85 percent of the 6-month average and rounding the result to the nearest one-hundredth of one percent. For bonds entitled to interest accruals at the long-term savings bond rate, that rate applies to the bond's first full semiannual interest accrual period following each announcement of the rate.

### **§ 351.13 What do I need to know about the savings bond rate to understand redemption value calculations in this subpart?**

We determine the savings bond rate by compiling 5-year Treasury securities yields as of the close of business for each day of the previous six months and calculating the monthly average to the nearest one-hundredth of one percent. We then determine the savings bonds rate by taking 90 percent of the 6-month average and rounding the re-

sult to the nearest one-hundredth of one percent.

### **§ 351.14 When are rate announcements that apply to Series EE savings bonds announced?**

(a) The Secretary will furnish rates that apply to Series EE savings bonds in announcements published each May 1 and November 1.

(b) If the regularly scheduled date for the announcement is a day when we are not open for business, then the Secretary will make the announcement on the next business day. However, the effective date of the rate remains the first day of the month of the announcement.

(c) The Secretary may announce rates at any other time.

### **§ 351.15 Is the determination of the Secretary on rates and values final?**

The Secretary's determination of rates of return and savings bond redemption values is final and conclusive.

### **§ 351.16 What do I need to know about the base denomination for redemption value calculations?**

We base all calculations of interest on a unit with a principal amount of \$12.50. We use this unit value to determine the value of bonds in higher denominations. The effect of rounding off the value of the \$12.50 unit increases at higher denominations. This can work to your slight advantage or disadvantage, depending on whether the value is rounded up or down.

*Example.* The following hypothetical example illustrates the calculation: A rate of 3.25% will result in a newly purchased \$12.50 unit increasing in value after six months to \$12.70, when rounded to the nearest cent. Therefore, a \$5,000 definitive Series EE bond (with a principal amount of \$2,500) will be worth \$2,540 after six months ( $[\$2,500 \text{ divided by } \$12.50] \times \$12.70 = \$2,540$ .) In contrast, if applied directly to a \$2,500 principal amount, the rate would render a value of \$2,540.63 after six months, a difference of 63 cents. (This example does not account for any interest penalty that might apply if you redeem a bond less than five years after its issue date.)

## **§§ 351.17–351.18 [Reserved]**